

ATTACHMENT 12

TRANSCRIPT OF PROCEEDINGS
BEFORE THE
PUBLIC UTILITY COMMISSION OF TEXAS
AUSTIN, TEXAS

INVESTIGATION OF SOUTHWESTERN)
BELL COMPANY'S ENTRY INTO THE) PROJECT NO.
TEXAS INTERLATA) 16251
TELECOMMUNICATIONS MARKET)

HEARING ON THE MERITS
TUESDAY, NOVEMBER 2, 1999

BE IT REMEMBERED THAT AT approximately
8:40 a.m., on Tuesday, the 2nd day of November
1999, the above-entitled matter came on for
hearing at the Offices of the Public Utility
Commission of Texas, 1701 North Congress Avenue,
William B. Travis State Office Building,
Commissioners' Hearing Room, Austin, Texas
78701, before KATHERINE FARROBA and DONNA NELSON,
presiding; and the following proceedings were
reported by William C. Beardmore, Kim Pence, Evie
Coder and Steve Stogel, Certified Shorthand
Reporters of:

1 Either the account manager on their own can go
2 ahead and escalate it and ask their supervisor
3 for help or their executive director for help on
4 an issue, or the CLEC has the escalation list
5 where they can actually go ahead and escalate it
6 on the account team side, and we are quite often
7 involved in helping to resolve operational
8 issues and helping to facilitate that.

9 A (Grogan) Beverly Grogan, Southwestern
10 Bell. If I could just add, to your concern that
11 an issue doesn't get resolved, it doesn't go
12 away, it just stays on the plate, let me tell
13 you that in every proceeding that we've had
14 we've created either a matrix or a timeline
15 follow-up to make sure that those are crossed
16 off, and that's shared with all members of not
17 only the operations team, but also we share that
18 with our account managers so that everyone is
19 aware that this issue is put to bed or this
20 particular issue needs to be continuing.

21 It's not necessarily a persistent
22 problem that never goes away. We put this issue
23 to bed. We don't relax monitoring as well, and
24 if I could just make another comment about
25 Docket 21000 --

1 Q (Nelson) Before you go there, can I
2 ask a question; that is, does that happen before
3 it gets to 21000 or only after it gets to 21000?

4 A (Grogan) Thank you for asking that
5 because that's exactly what does happen.
6 Hopefully we don't go to 21000. In our
7 operational working relationship, the process
8 we're talking about is no different once we get
9 to 21000. It's probably just a little more
10 elevated because we have responses due back to a
11 third party, but, no, you're right. We have
12 that working relationship at every level.

13 I just wanted to add on Docket 21000,
14 to someone's question earlier about the Sage
15 involvement in Docket 21000, Sage has not
16 necessarily, to my knowledge, been a party
17 formally to 21000.

18 The way that that forum is set up we
19 work with an individual customer on those
20 issues. Now, if there's something that's global
21 that's brought up that would be an enhancement
22 or ~~an~~ improvement to the process that every CLEC
23 could benefit from, then we will share that
24 either via accessible letters or notify the
25 account manager this would be an internal

1 process we'll change, and we talked about an
2 example of that where we did change the way
3 we're going to be doing acceptance and trouble
4 reports, and there will be an accessible letter
5 going out this week, and everyone will benefit
6 from that.

7 Q (Ervin) Okay. Well, I suspect we've
8 gone as far as we can go on where I was going.
9 So let me move on to my next question.

10 A (Tidwell) I do have one comment.

11 Q (Ervin) Yes, please.

12 A (Tidwell) We started at the account
13 team level and were passed over to the local
14 service, the LSC and the LOC groups and have
15 escalated it through there.

16 At a point in time when we became
17 frustrated enough, we felt we were getting no
18 activity, we moved on to the complaint process.
19 That process started back in -- actually,
20 started in the June time frame, and we're now
21 into November. We still haven't made much
22 progress on the actual complaint. I think
23 that's the source of our frustration, and,
24 again, other CLECs' frustration. The timelines
25 continue to just move very, very slowly, and we

1 need resolution to the issues.

2 MS. ERVIN: I believe Judge
3 Farroba has a question.

4 JUDGE FARROBA: No; actually, I
5 don't.

6 Q (Ervin) I'm sorry. What you were
7 going to say?

8 MS. MURRAY: I was going to follow
9 up with part of the issue here is 21000 and
10 16251. I think that 21000 -- I left it with the
11 attorney for -- the attorney representing Birch
12 that we were going to file a status report in
13 that docket with where we are on these various
14 issues, and it's kind of turned into a public
15 interest affidavit being filed here, and I think
16 that -- you know, we'll file the matrix. I
17 think the matrix will look different than the
18 affidavit because I think that there have been a
19 large number of issues that have been
20 specifically addressed and taken care of.

21 The specific ones that have not been,
22 we'll report on those in Docket 21000.

23 MS. LaVALLE: Just so it's
24 absolutely clear for the record, when the
25 references are made about Docket 21000, in which

1 AT&T is a participant as well, we've not seen a
2 matrix -- time matrix on any of the major issues
3 we've raised in that docket. There are
4 outstanding action items that have been left
5 open for Southwestern Bell to respond to since
6 September 21. So I just didn't want to sit here
7 and not respond to whether or not there is an
8 active mechanism to close out issues.

9 JUDGE FARROBA: I guess what -- I
10 thought the focus here should be more on whether
11 the escalation processes that were set in place
12 and the collaborative process are working, what
13 are the problems, if any, with those, and not so
14 much what the actual status is in Docket 21000
15 so --

16 Q (Ervin) I agree with Judge Farroba. I
17 would like to exit this cul-de-sac and get to
18 some other questions related to previous -- yes,
19 Ms. Rowling?

20 A (Rowling) Gwent Rowling, ICG. I'm
21 going to head out of the cul-de-sac, but just
22 one point as far as the communication and trying
23 to get issues resolved for the CLEC industry as
24 a whole, which is one of the things that we did
25 address in the original hearing, and

1 Southwestern Bell referenced at some part some
2 CLECs are party to 21000, some are not. I
3 really don't ever want to be a party to 21000
4 because I want to resolve the issues before it
5 gets there.

6 In that vein, it is our hope that the
7 issues that we all face are resolved in an open
8 manner so it's not just the parties in 21000.
9 For example, in coordinated hot cuts, we've
10 addressed that in our affidavit. We do have
11 some concerns about that. That's being
12 addressed in 21000, I believe, by one of the
13 CLECs. Whatever is resolved in there, we may
14 not know about.

15 Frame due time, we have been asked by
16 Southwestern Bell to start using it. We didn't
17 come to Bell to do it. They asked us to start
18 doing it, and now I hear here that there are
19 some problems with that that have been
20 experienced by their CLECs. I know the CLECs
21 are reticent to do it.

22 Not getting SOC's, orders staying in SOC
23 status and never completing and manual
24 intervention problems, all of these are common
25 issues, and I think some of the are addressed in

1 some Docket 21000; if not now, maybe in the
2 future.

3 In order to bring a resolution before
4 CLECs come to a complaint process, I hope we can
5 develop a users' group, some kind of open forum
6 that we can share our common concerns and be
7 able to talk about things and resolve them not
8 in a docket that certain parties get the
9 documentation on but that the CLEC industry so
10 we don't have resolution on a CLEC-by-CLEC
11 basis.

12 JUDGE FARROBA: Actually, I want
13 to just add to that I guess a year ago, we
14 talked about an OSS users' group, and it was my
15 understanding that there was going to be an OSS
16 users' group, and that's slightly different from
17 the change management forum, and so I would like
18 to get a response from Southwestern Bell on that
19 issue.

20 A (Sirles) Glen Sirles, Southwestern
21 Bell. We have actually run the change
22 management forum as both the users' group as
23 well as the change management process. I'm not
24 aware of any issues that have come up through
25 that forum that we haven't been able to address

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of)	
)	
Application by SBC Communications Inc.,)	
Southwestern Bell Telephone Company, and)	CC Docket No. 00-65
Southwestern Bell Communications Services,)	
Inc. d/b/a Southwestern Bell Long Distance)	
for Provision of In-Region, InterLATA)	
Services in Texas)	

**SUPPLEMENTAL REPLY DECLARATION OF
JULIE S. CHAMBERS
ON BEHALF OF AT&T CORPORATION**

I. BACKGROUND AND PURPOSE

1. My name is Julie S. Chambers. I am employed by AT&T as District Manager, AT&T/SWBT Account Team. My business address is 5501 LBJ Freeway, Suite 800, Dallas, Texas 75240. I am responsible for managing the relationship with the SWBT Account Team to resolve all operational and policy issues involving AT&T's UNE-P service in Texas. My background and qualifications are more fully set forth in the January 31, 2000 Declaration that I submitted with C. Michael Pfau in the previous Commission proceedings involving SBC's application for authority under Section 271 of the Telecommunications Act of 1996 (CC Docket No. 00-4).
2. This declaration describes the facts reflecting SWBT's continued imposition of glue charges in connection with its provision of pre-existing UNE combinations to AT&T, SWBT's public commitments to the contrary notwithstanding.

II. DISCUSSION

3. On February 22, 2000, SWBT published an Accessible Letter (CLECTOA00-017) "offering" to suspend, effective March 1, 2000, imposition of the loop, port and cross-connect nonrecurring "glue" charges associated with the provision of pre-existing combinations of UNEs. SWBT also reserved the right to seek a "true up" of unpaid glue charges from AT&T for combinations provided during the suspension period, if SWBT were to subsequently prevail on its position that glue charges are lawful in the complaint proceeding pending before the TPUC on this subject.¹
4. Per the accessible letter, I contacted Mr. Bob Bannecker, AT&T's SWBT Account Manager, prior to March 1st, to notify SWBT that AT&T accepted the offer by SWBT to suspend the glue charges, and that AT&T understood SWBT's offer to mean that it would no longer impose glue charges on orders for pre-existing UNE combinations until after a decision by the TPUC imposing such charges. I also informed Mr Bannecker that AT&T did not acquiesce in SWBT's view that subsequent true up for pre-existing combinations provided during the suspension period was appropriate and that a letter stating this would follow. However, I clearly expressed that we expected the charges to be waived beginning March 1st. AT&T's expectations were subsequently confirmed by letter from Nancy Dalton at AT&T to Dave Young dated March 15, 2000. The letter to Dave Young is provided as Attachment A to this declaration.
5. Nevertheless, SWBT has continued to bill AT&T for glue charges for providing existing combinations of UNEs after March 1. For the period after March 1, 2000

¹ Docket 21622, Complaint Of AT&T Communications Of Texas, L.P., Teleport Communications Houston, Inc., And TCG Dallas Against Southwestern Bell Telephone Company To Eliminate Non-Recurring Charges, Public Utility Commission of Texas.

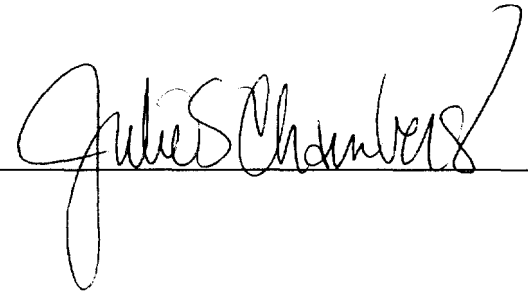
SWBT has imposed glue charges on AT&T in an amount in excess of \$1,000,000 for pre-existing combinations of UNEs provided to AT&T during this period.

6. On or about April 26, Lori Hall (a member of my team) and I each informed SWBT's account team that the charges were still appearing on the bill. Ms. Hall discussed the charges with the SWBT representatives assigned to discuss billing issues between the companies. I spoke with Mr. Bannecker and subsequently included the issue as a topic of escalation to his superior, Dave Young. Thereafter, on May 16, Dana Blake, a SWBT representative, stated that SWBT would continue to impose glue charges on AT&T until AT&T executes an addendum to the AT&T/SWBT interconnection agreement. Mr. Blake explained that the addendum conditions the "waiver" of the glue charges on AT&T's agreement to the true up.
7. SWBT provided the addendum with a letter to AT&T dated May 18, 2000 (attached hereto). Both the cover letter and the addendum make clear that SWBT will not waive the glue charges unless AT&T agrees not to contest the retroactive application of any charges that may be authorized by the TPUC to replace the existing glue charges. Specifically, the letter states that "based on AT&T's stated disagreement with SWBT on critical terms of the [waiver] offer (the true-up condition)," SWBT will continue "the existing application of the [glue charges] as currently defined in the existing interconnection agreement."
8. SWBT's insistence on a "true up" requirement means that AT&T must assume for financial purposes that it retains liability for the glue charges, even during the "suspension" period, until the TPUC rules otherwise. Moreover, SWBT's requirement that AT&T waive its right to contest the retroactive application of any

new glue charges renders even the temporary “suspension” illusory. Indeed, it would appear that the only purpose of the “waiver” offered by SWBT is to avoid review by the Commission, and by the D.C. Circuit Court of Appeals, of SWBT’s glue charges in connection with its Section 271 application.

I hereby declare under penalty of perjury that the foregoing is true and accurate to the best of my knowledge and belief.

Executed on May __, 2000



ATTACHMENT 1



Nancy Dalton
SW Region Business
Planning Vice President

Suite 848
5501 LBJ Freeway
Dallas, TX 75240
972 778-2870

March 15, 2000

Mr. Dave Young
Executive Director-Industry Markets
SBC Telecommunications, Inc.
311 South Akard, Room 640
Dallas, TX 75202-5398

Subject: Accessible Letter No. CLECTA00-017

Dear Dave:

AT&T Communications of Texas, LP is in receipt of Southwestern Bell Telephone Company's February 22, 2000 Accessible Letter No. CLECTA00-017 styled "Pre-Existing Combinations of Analog Loop/Port - Texas, Notification of Negation of Non-Recurring Charges - Texas."

Consistent with the notification Julie Chambers provided to Bob Bannecker via phone, this letter is confirmation to SWBT that AT&T accepts the commitment by SWBT to eliminate NRCs, other than the service order charge, for pre-existing loop/port combination pending the issuance of a Final Order in this docket. AT&T therefore expects that as of 3/1/2000 SWBT will no longer impose NRCs on orders for preexisting loop/port combinations submitted by AT&T and further that NRCs will not subsequently be imposed on such orders until after a Commission Final Order in this proceeding imposing that requirement.

If the Commission's Final Order ultimately reinstates NRCs on orders for preexisting loop/port combinations, AT&T will pay those charges prospectively on orders submitted thereafter, subject to AT&T's right to appeal the Final Order. AT&T does not agree, and would contest, that SWBT retains the right to a "true-up" for the period between 3/1/2000 and the date of the Final Order (as referenced in the February 22 letter) and the decision by SWBT not to impose those charges in the interim does not entitle SWBT to later seek to recoup those charges.

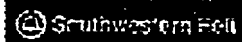
Sincerely yours,

Julie Chambers
(for Nancy Dalton)



Recycled Paper

Accessible



"Pre-Existing Combinations of Analog Loop/Port - Texas"

"Notification of Negation of Non-Recurring Charges - Texas"

Date: February 22, 2000

Number: CLECTA00-017

Contact: Southwestern Bell Account Manager

Effective March 1, 2000 Southwestern Bell Telephone (SWBT) will offer an interim non-recurring charge of \$ 0 for the 2-Wire Analog Loop (i.e., 8db), the Analog Switch Port, and the Analog Loop to Switch Port Cross-Connect when a CLEC reconfigures a SWBT POTS service to what is commonly known as the unbundled network element platform (UNE-P) in Texas. The non-recurring charge of \$0 will apply on an interim basis, subject to true up, until the outcome of the Texas PUC's Docket No. 21622. SWBT will apply the appropriate service order charge.

Specifically, when a CLEC requests a 2-Wire Analog Loop (i.e., 8db loop) with a 2-Wire Analog Switch Port and the Analog Loop to Switch Port Cross-Connect, (REQ type "M") that are in a pre-existing combination (ACT Type "V"), the non-recurring charges for each of these three individual unbundled network elements will be \$0.

If you are interested in accepting this offer, please contact your Account Manager.

ATTACHMENT 2

Southwestern Bell Telephone
Deena Bledsoe
311 N. Akard, Room 430
Dallas, TX 75202
214-464-5967

CONFIDENTIAL

May 18, 2000

Ms. Julie Chambers
District Manager
SW Region Business Planning
5501 LBJ Freeway, STE 845
Dallas, TX 75240

Subject: Accessible Letter No. CLECTA00-017

Dear Julie:

In reply to the March 15th letter you signed on behalf of Nancy Dalton requesting the elimination of non-recurring charges (NRCs) associated with UNE-P in Texas as offered in SWBT's February 22, 2000 Accessible Letter No. CLECTA00-017, Southwestern Bell Telephone Company requires that an amendment to the Texas Interconnection Agreement is signed upon and filed with the Texas PUC. The terms and conditions specific to AT&T's receipt of this offer are contained within the agreement language provided with this letter.

Included in the agreement is a provision that the \$0 rated NRCs will be effective as of March 1, 2000 with previously charged amounts credited back to that date. Acceptance of the offer is also predicated upon the agreement that the non-recurring charge of \$0 will apply on an interim basis, subject to true-up, until the outcome of the Texas PUC's Docket No. 21622. This offer includes the provision that the rates established by the final order in this proceeding are to be applied back to March 1, 2000.

Based on AT&T's stated disagreements with SWBT on critical terms of the offer (the true-up condition), SWBT does not consider AT&T's March 15th letter sufficient to initiate changes to the existing application of NRCs as currently defined in the existing interconnection agreement. If AT&T's position has changed, please let me know.

Sincerely,

Deena Bledsoe

AMENDMENT NO. 1
TO INTERCONNECTION AGREEMENT
by and between
SOUTHWESTERN BELL TELEPHONE COMPANY
AND
AT&T Communications of Texas, LP.

The Interconnection Agreement ("the Agreement") by and between Southwestern Bell Telephone Company ("SWBT") and AT&T Communications of Texas, L.P. ("AT&T") is hereby amended as follows as of March 1, 2000:

- (1) Appendix Pricing - UNE is amended to add Exhibit 1, on an interim basis, subject to true-up, pending the outcome of Texas PUC Docket No. 21622, as more specifically described on Exhibit 1.
- (2) This Amendment shall not modify or extend the Effective Date or Term of the underlying Agreement, but rather, shall be coterminous with such Agreement.
- (3) EXCEPT AS MODIFIED HEREIN, ALL OTHER TERMS AND CONDITIONS OF THE UNDERLYING AGREEMENT SHALL REMAIN UNCHANGED AND IN FULL FORCE AND EFFECT, and such terms are hereby incorporated by reference and the Parties hereby reaffirm the terms and provisions thereof.
- (4) This Amendment shall be filed with and is subject to approval by the Texas Public Utilities Commission (TPUC) and shall become effective ten (10) days following approval by such TPUC.

IN WITNESS WHEREOF, this Amendment to the Agreement was exchanged in triplicate on this _____ day of _____, 2000, by SWBT, signing by and through its duly authorized representative, and AT&T, signing by and through its duly authorized representative.

*AT&T Communications of Texas, L.P.

*Southwestern Bell Telephone Company

By: _____

By: _____

Title: _____

Title: President – Industry Markets

Name: _____

(Print or Type)

Name: _____

(Print or Type)

*On January 25, 1999, the United States Supreme Court issued its opinion in *AT&T Corp. v. Iowa Utilities Board*, 119 S. Ct. 721 (1999) and on June 1, 1999, the United States Supreme Court issued its opinion in *Ameritech v. FCC*, No. 98-1321, 1999 WL 116994, 1999 Lexis 3671 (June 1, 1999). In addition, on November 5, 1999, the FCC issued its Third Report and Order and Fourth Further Notice of Proposed Rulemaking in CC Docket No. 96-96 (FCC 99-238), including the FCC's Supplemental Order issued *In the Matter of the Local Competition Provisions of the Telecommunications Act of 1996*, in CC Docket No. 96-98 (FCC 99-370) (rel. November 24, 1999), portions of which become effective thirty (30) days following publication of such Order in the Federal Register (February 17, 2000) and other portions of which become effective 120 days following publication of such Order in the Federal Register (May 17, 2000). By executing this amendment, SWBT does not waive any of its rights, remedies or arguments with respect to such decisions and any remands thereof, including its right to seek legal review or a stay of such decisions, or its rights under Section 3.0 et. Seq. of the Interconnection Agreement between AT&T of Texas, L.P. and Southwestern Bell Telephone Company.

EXHIBIT 1

When CLEC requests a 2-Wire Analog Loop (i.e., 8db loop) with a 2-Wire Analog Switch Port and the Analog Loop to Switch Port Cross-Connect (REQ type "M"), and these items are in a pre-existing combination in Texas (ACT Type "V"), the non-recurring charges for each of these two individual unbundled network elements and the cross connect will be \$0 on an interim basis, subject to true-up, pending the outcome of Texas PUC Docket No. 21622. SWBT will apply the appropriate service order charge and the non-recurring charges for any vertical features requested. Following the issuance of a final order by the Texas PUC in Docket No. 21622 (subject to any stay pending appeal), the rates established in such proceeding shall immediately apply to this Agreement and the interim rates set forth above in this Exhibit 1 shall be subject to retroactive true-up to the rates established by the Texas PUC in Docket No. 21622 back to the effective date of this Exhibit 1.

Within thirty (30) days of the Texas PUC's issuance of a final order in Docket No. 21622, the Parties shall amend this Agreement by filing a revised Exhibit 1 which conforms to the outcome of such final order.